

## Message Text

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46

ACTION EB-11

INFO OCT-01 ARA-16 EA-11 ISO-00 AID-20 AGR-20 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07

OPIC-12 SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10

SS-15 STR-08 CEA-02 L-03 H-03 DODE-00 PA-03 USIA-15

PRS-01 EUR-25 NEA-10 DRC-01 /220 W

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R 121450Z SEP 73

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 2423

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY SAN SALVADOR

AMEMBASSY TEGUCIGALPA

AMEMBASSY TOKYO

UNCLAS MANAGUA 3716

SAN SALVADOR FOR AGATT

GUATEMALA ALSO FOR ROCAP

E. O. 11652: N/A

TAGS: EAGR, NU

SUBJECT: RENEGOTIATIONS OF COTTON FUTURE CONTRACTS

REF: MANAGUA 3471

1. GENERAL JUAN J. RODRIGUEZ SOMOZA, EXEC. SECY OF THE NATIONAL COTTON COMMISSION, REPORTED TO EMB OFF THAT GROUP OF COTTON GROWERS FROM NICARAGUA, GUATEMALA AND EL SALVADOR WHICH RETURNED FROM JAPAN OVER THE WEEKEND OBTAINED NO FIRM COMMITMENTS REGARDING UPWARD ADJUSTMENT OF COTTON FUTURE CONTRACTS DURING RECENT TRIP TO JAPAN.

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2. GROUP MET FIRST WITH JAPANESE COTTON TRADER'S ASSOCIATION, WHO

SAID THEY COULD NOT DO ANYTHING BECAUSE THEY HAD ALREADY RESOLD THE CONTRACTS. THEY MET NEXT WITH COTTON GINNERS ASSOCIATION WHERE THEY ENCOUNTERED A QUOTE SYMPATHETIC HEARING UNQUOTE, THE CENTRAL AMERICA GROUP MADE NO SPECIFIC PROPOSALS BUT SIMPLY DESCRIBED SITUATION. JAPANESE, WHO HAD ALREADY HEARD SIMILAR COMPLAINTS FROM OTHERS, INCLUDING RUSSIANS, PAKISTANIS AND EGYPTIANS ONLY PROMISED TO STUDY THE SITUATION. THEY GAVE NO DATE FOR A RESPONSE. RODRIGUEZ SOMOZA SAID HE WOULD WAIT A MONTH BEFORE GETTING IN TOUCH AGAIN. HE HAD GOTTEN NO HINT OF WHAT THE JAPANESE MIGHT EVENTUALLY OFFER AND DIDN'T KNOW WHAT WOULD BE ACCEPTABLE TO NICARAGUAN GROWERS. HE SUGGESTED THAT ONE METHOD FOR INCREASING INCOME OF GROWERS MIGHT BE TO REQUIRE GROWERS TO DELIVER, PERHAPS 80 PERCENT OF THEIR CONTRACTS AND ALLOW THEM TO SELL REMAINDER AT CURRENT MARKET PRICES.

3. MEANWHILE, RODRIGUEZ SOMOZA SAID THE NICARAGUAN COTTON CROP CONTINUED TO DEVELOP NICELY. HE ESTIMATED THAT RECENT HEAVY RAINS DID NOT DAMAGE MORE THAN 5 PERCENT OF THE CROPS, AND HE THOUGHT THAT THE DAMAGED PLANTS WOULD RECOVER, HE SAID SO FAR THERE HAVE NOT BEEN ANY UNUSUAL OUTBREAKS OF INSECTS OR DISEASE, AND THAT SUFFICIENT SUPPLIES OF INSECTICIDES AND FERTILIZERS WERE ON HAND FOR THE ENTIRE CROP. HE SAID MOST RECENT DATA SHOW INSCRIPTIONS WITH THE COMMISSION AT 239,000 MANZANAS AND HE EXPECTS THE FINAL FIGURE WILL GO TO AROUND 250,000. HE ESTIMATES THE HARVEST WILL TOTAL 600,000 BALES.  
SHELTON

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